



Department of Planning and Community & Economic Development

Community Development Division

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Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

To: Madison Common Council
From: Julie Spears, Community Development Specialist
Date: November 4, 2024
RE: Awarding up to \$9.85M in Affordable Housing Funds via the
2024 Affordable Housing Rental Development – Tax Credit RFP

Background

The Community Development Division (CDD) posted its annual Affordable Rental Housing Development: Tax Credit Request for Proposals (RFP) in July 2024 to support development proposals seeking an allocation of 2025 Low-Income Housing Tax Credits (LIHTCs), administered by the Wisconsin Housing and Economic Development Authority (WHEDA).

The City's 2025 Capital Budget, scheduled for adoption later this month, includes an Affordable Housing Fund (AHF) authorization of \$14,500,000. Since its inception in the 2015 Capital Budget, this annual RFP draws on AHF to advance a primary housing strategy to increase, preserve, or improve the supply of affordable rental housing for Madison's lower-income households by leveraging LIHTC's. To date, this CDD-administered program has been successful in utilizing these funds to:

- Support the development of over 2700 units of affordable rental housing, approximately 2100 of which are income and rent-restricted for households at or below 60% of County Median Income (CMI)
- Complete construction and place in service almost 1900 of these units
- Leverage over \$350 million in equity generated from LIHTCs.

Applicants to this RFP responded to specific goals, objectives, requirements, and preferences previously reviewed by the CDBG Committee and deemed necessary to secure City financial assistance. These included:

- Increasing the supply of 30% CMI units
- Incentivizing permanently affordable units
- Selecting locations well-served by transit
- Incorporating integrated supportive housing for individuals & families experiencing homelessness
- Including design features that maximize sustainability via energy efficiency and renewable energy; and
- Conforming with CDD Tenant Selection Plan Standards to reduce barriers to access.

2024 Rental Housing Development Proposals

CDD received nine rental housing development proposals in response to the 2024 RFP:

1. Element Collective submitted by EC Residential, LLC
2. CORE on Dryden submitted by Horizon Development Group, Inc. in partnership with Kaba-Baal, LLC
3. Taking Shape B1, also known as "The Triangle Redevelopment", submitted by Madison Revitalization and Community Development Corp (MRCDC)

4. Potomac Apartments submitted by MSP Real Estate (This proposal was subsequently withdrawn.)
5. Merchant Place Senior Apartments submitted by Northpointe Development II Corporation in partnership with Selassie Development
6. United Residences submitted by Northpointe Development II Corporation in partnership with Dream Lane Real Estate Group, LLC and DCHA United Residences – Madison, LLC
7. The Conway at Huxley Yards submitted by Preservation Housing Partners in partnership with Lincoln Avenue Capital and Rootstock Capital, LLC
8. The Presley submitted by PreservingUS, Inc. in partnership with Cohen-Esrey Development Group, LLC
9. East Washington & 7th Ave submitted by Volker Development in partnership with Cordon Development Group, Inc.

Staff Recommendations for Consideration

An interdisciplinary City staff team reviewed the development proposals against the goals and objectives outlined in the RFP. Staff recommend a total of \$9,850,000 of City Affordable Housing Funds be awarded to four proposals as summarized below and described in more detail on the attached table:

1. Up to \$1,850,000 to Horizon Development Group, Inc., or an affiliate LLC, in partnership with Kaba-Baal, LLC, for CORE on Dryden, a 55-unit development with 43 units affordable to households with incomes at or below 60% CMI for a period of no less than 40 years
2. Up to \$2,500,000 to Northpointe Development II Corporation, or an affiliate LLC, in partnership with Selassie Development, for Merchant Place Senior Apartments, a 60-unit development with 36 units permanently affordable to households with incomes at or below 60% CMI
3. Up to \$3,000,000 to Northpointe Development II Corporation, or an affiliate LLC, in partnership with Dream Lane Real Estate Group, LLC and DCHA United Residences – Madison, LLC for United Residences, an 80-unit development with 48 units permanently affordable to households with incomes at or below 60% CMI
4. Up to \$2,500,000 to Volker Development, or an affiliate LLC, in partnership with Cordon Development Group, Inc., for East Washington & 7th Ave, a 76-unit development with 40 units permanently affordable to households with incomes at or below 60% CMI.

In total, these four projects propose to add approximately 275 units of rental housing, of which 167 would be affordable to households at or below 60% of the CMI. 43 of the 167 affordable units will be maintained as affordable for a minimum of 40 years through a recorded Land Use Restriction Agreement (LURA), while 124 units will remain permanently affordable.

Furthermore, staff recommend offering up to \$10M of uncommitted federal funds in CDD's 2024 Adopted budget to support Taking Shape B1, also known as "The Triangle Redevelopment", submitted by Madison Revitalization and Community Development Corp (MRCDC). This funding recommendation is the subject of a separate Resolution, introduced as Legistar #85820.

The proposals recommended for funding are those deemed by staff to be most responsive to the goals, objectives and priorities set forth in the RFP.

Final authorization of City funding is contingent upon each developer demonstrating that it has (1) secured financing sufficient to complete the project, including an allocation of WHEDA LIHTCs; (2) received from the City all necessary land use and permit approvals; and (3) satisfied any other City requirements, including, but not limited to, providing acceptable documentation related to a Tenant Selection Plan and Affirmative Marketing Plan consistent with the Standards published in the RFP.